

AMENDED IN SENATE MAY 4, 2009

**SENATE BILL**

**No. 642**

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**Introduced by Senator Denham**

February 27, 2009

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An act to amend Section 14838.5 of, and to add Section 14841 to, the Government Code, and to amend Section 10105 of the Public Contract Code, relating to public contracts.

LEGISLATIVE COUNSEL'S DIGEST

SB 642, as amended, Denham. Public contracts: Small Business Procurement and Contract Act.

(1) The Small Business Procurement and Contract Act permits a state agency to award a contract for goods, services, or information technology with a value of between \$5,000 and \$100,000 to a certified small business, including a microbusiness and a disabled veteran business enterprise, without complying with specified competitive bidding requirements.

This bill would increase the maximum amount of the contract from \$100,000 to \$250,000.

(2) Existing law encourages state agencies that enter into contracts to establish goals to facilitate the participation of small businesses and disabled veteran business enterprises.

This bill also would require the contractor, upon completion of a public contract for which a commitment to achieve small business or disabled veteran business enterprise participation goals was made, to report the actual percentage of small business or disabled veteran business enterprise participation that was achieved.

(3) The State Contract Act governs contracting between state agencies and private contractors, and sets forth requirements, for the bidding,

awarding, and overseeing of contracts for projects, which it defines to include the construction or other improvement to a state structure or building with a total cost threshold equal to \$100,000 for calendar year 1993, as adjusted every 2 years.

This bill would instead establish a ~~2009~~ 2010 cost threshold at \$250,000, which would be adjusted every 2 years.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 14838.5 of the Government Code is  
2 amended to read:

3 14838.5. (a) Notwithstanding the advertising, bidding, and  
4 protest provisions of Chapter 6 (commencing with Section 14825)  
5 of this code and Chapter 2 (commencing with Section 10290) and  
6 Chapter 3 (commencing with Section 12100) of Part 2 of Division  
7 2 of the Public Contract Code, a state agency may award a contract  
8 for the acquisition of goods, services, or information technology  
9 that has an estimated value of greater than five thousand dollars  
10 (\$5,000), but less than two hundred fifty thousand dollars  
11 (\$250,000) to a certified small business, including a microbusiness,  
12 or to a disabled veteran business enterprise, as long as the agency  
13 obtains price quotations from two or more certified small  
14 businesses, including microbusinesses, or from two or more  
15 disabled veterans business enterprises.

16 (b) In carrying out subdivision (a), state agencies shall consider  
17 a responsive offer timely received from a responsible certified  
18 small business, including a microbusiness, or from a disabled  
19 veteran business enterprise.

20 (c) If the estimated cost to the state is less than five thousand  
21 dollars (\$5,000) for the acquisition of goods, services, or  
22 information technology, or a greater amount as administratively  
23 established by the director, a state agency shall obtain at least two  
24 price quotations from responsible suppliers whenever there is  
25 reason to believe a response from a single source is not a fair and  
26 reasonable price.

27 SEC. 2. Section 14841 is added to the Government Code, to  
28 read:

1 14841. Upon completion of a public contract for which a  
2 commitment to achieve small business or disabled veteran business  
3 enterprise participation goals was made, the contractor shall report  
4 to the awarding department the actual percentage of small business  
5 and disabled veteran business enterprise participation that was  
6 achieved.

7 SEC. 3. Section 10105 of the Public Contract Code is amended  
8 to read:

9 10105. (a) As used in this part, “project” includes the erection,  
10 construction, alteration, repair or improvement of a state structure,  
11 building, road, or other state improvement of any kind that will  
12 exceed a total cost calculated pursuant to subdivision (b).

13 (b) The total cost limit for calendar year ~~2009~~ 2010 shall be two  
14 hundred fifty thousand dollars (\$250,000), and at two-year intervals  
15 thereafter, the total cost limit shall be adjusted upward or  
16 downward by the Director of Finance to reflect the percentage  
17 change in the annual California Construction Index as used by the  
18 Department of General Services. The amount shall be rounded off  
19 to the nearest one-thousand-dollar (\$1,000) figure.